

Oil and Gas Lease Sale Fact Sheet

General Information:

- The BLM Colorado State Office has posted its list of parcels for the quarterly competitive oil and gas lease sale scheduled for 9 a.m., Nov. 10, 2011, at the State Office in Lakewood.
- 54 parcels with a total of 41,706 acres are being offered;
Front Range District: 42 parcels (13 Huerfano, two Bent, 1 Otero, nine Park, 1 Phillips, 1 Sedgwick, 11 Weld, 3 Morgan and 1 split between Weld and Morgan counties)
Northwest District: 10 parcels (2 Moffat, 2 Routt, 4 Mesa and 2 in Garfield counties)
Southwest District: 2 parcels (1 Montrose and 1 in Gunnison counties)
- The deadline for submitting protests is 4 p.m., Sept. 12. All protests must be received by the BLM Colorado State Office, located at 2850 Youngfield St., Lakewood, CO 80215.
- Traditional energy development in Colorado accounts for a number of jobs along the Western Slope. The State of Colorado received more than \$229.4 million in Fiscal Year 2010 from royalties, rentals and bonus bid payments for all federal minerals, including oil, gas and coal.
- In FY 2010, Oil and Gas development accounted for \$2.9 billion in direct revenue, and \$4.8 billion in total revenue in Colorado. Direct revenue includes BLM's contribution to the local economy in terms of employment and other benefits directly associated with BLM-managed lands. Total revenue includes indirect and induced benefits associated with, for instance, companies that provide local business in the gateway communities.

Split Estate:

In split estate situations, the surface and subsurface rights to develop minerals for a piece of land are owned by different parties. In these situations, mineral rights are considered the dominant estate, meaning they take precedence over other rights associated with the property, including those associated with owning the surface. The mineral owner must show due regard for the interests of the surface estate owner and occupy only those portions of the surface that are reasonably necessary to develop the mineral estate.

For more information on how the BLM manages split estate, please visit:

www.blm.gov/wo/st/en/prog/energy/oil_and_gas/best_management_practices/split_estate.html

Leasing Reform:

In 2010, Secretary of the Interior Ken Salazar announced several reforms to improve protections for land, water, and wildlife and reduce potential conflicts that can lead to costly and time-consuming protests and litigation of leases.

Under the reformed oil and gas leasing policy, the BLM will provide:

- Comprehensive interdisciplinary reviews that take into account site-specific considerations for individual lease sales. Resource Management Plans (RMPs) will continue to provide programmatic-level guidance, but individual parcels nominated for leasing will undergo increased internal and external coordination, public participation, interdisciplinary review of available information, confirmation of RMP conformance as well as site visits when necessary;



- Greater public involvement in developing Master Leasing and Development Plans for areas where intensive new oil and gas extraction is anticipated so that other important natural resource values can be fully considered prior to making an irreversible commitment to develop an area;
- Leadership in identifying areas where new oil and gas leasing will occur. The bureau will continue to accept industry expressions of interest regarding where to offer leases, but will emphasize leasing in already-developed areas and will plan carefully for developing new areas.

National Leasing Page: www.blm.gov/wo/st/en/prog/energy/oil_and_gas.html

BLM Colorado Leasing Page: www.blm.gov/co/st/en/BLM_Programs/oilandgas.html

Leasing Program:

- Federal laws, including the Federal Onshore Oil and Gas Leasing Reform Act of 1987, require BLM to offer nominated lands for lease on a quarterly basis. Lands nominated by an interested party are made available for leasing, if oil, gas and geothermal development is allowed under the approved land use plan.
- Any U.S. citizen, at least 18 years old, may bid on parcels offered at quarterly lease sales, if the individual is a registered bidder.
- Every lease contains standard terms to reduce resource impacts. Leases also may include additional stipulations to protect air, water, wildlife, wilderness, historic and cultural resources, as well as required reclamation for the area. For example, No Surface Occupancy stipulations prevent any surface disturbance on portions, or all of a lease area. Other stipulations can protect viewsheds, water quality, cultural resources, or may require timing restrictions on operations during certain seasons to protect wildlife or wildlife habitat.
- Economics and geologic information drive industry to nominate areas for leasing, exploration and mineral resource development. Issuing a lease does not necessarily result in drilling, and drilling an exploratory well does not guarantee widespread energy development.
- The BLM notifies statewide media outlets when the lease sale notice is posted and informs county commissioners of parcels being offered for lease through individual notification as well as through the Colorado Oil and Gas Commission's county liaison program.
- Parcels nominated by industry for a lease sale can be protested. While protested parcels may still be offered at a lease sale, bidders are notified that no lease can be issued until the protests are resolved.
- BLM Colorado attempts to resolve all protests within 60 days; however, some protests have taken as long as a year to resolve. Before a final decision is reached to issue any leases, a thorough review of the protests is undertaken by the appropriate BLM field office and/or the BLM Colorado State Office. If a protest is denied, the protesting party has 30 days, from receipt of the decision, to appeal to the Interior Board of Lands Appeals in Washington, D.C. If a protest is upheld, the lease is not issued and the winning bidder's money is refunded.